

## **A Social Entrepreneurial Vision for Bangladesh**

### **A Conversation with Professor Salim Rashid**

*Salim Rashid, Professor of Economics at Illinois, is a Bangladeshi ex-patriot who was instrumental in bringing Dr. Muhammad Yunus to campus in March, 2010, for a major public talk, "Social Entrepreneurship in the 21<sup>st</sup> Century." Muhammad Yunus, also from Bangladesh, is the founder of Grameen Bank, which offers micro-credit loans to poor people without collateral.*

*Dr. Rashid has social entrepreneurial ideas of his own for improving the living conditions in his native country. He outlined the following proposals for long-term growth and economic development, with an emphasis on the role of expatriates, at a talk on 5 March 2010 at the University YMCA in their Friday Forum series; the spring series focused on the theme of social entrepreneurship.*

Long-term growth for Bangladesh is possible. Indeed, I believe Bangladesh can grow at a rate of 10% per year for the next 30 years, but in order to do so, we must have a vision and plan for the future. The focus of a typical Bangladeshi bureaucrat does not extend beyond five years; my focus is on the long run. How can the foundation for the next fifty years be set by setting goals for the next thirty? What should we be doing today in order to achieve those goals? Typically, the mechanism for such growth is the market, but markets function only within societies. For people to gird themselves up and keep a distant goal in view the first requirement is hope. So the challenge is to focus upon the major problems and suggest solutions that are feasible; 10% growth for thirty years will give everyone 8 times their current income--believing in this outcome will provide hope.

To understand the magnitude of the problem, consider that Bangladesh encompasses an area the size of Iowa or Illinois, yet while Iowa has 3 million people, and Illinois has 12 million, Bangladesh already has a population of 150 million and is expected to grow to 250 million in the next 50 years. Due to new habitation, Bangladesh loses about 1.5% of its agricultural land every year. In 50 years there will be an additional 50 million people to feed and half the agricultural land. Thus, the following major questions need to be answered in order to give Bangladesh hope:

*Can everyone eat enough?*

No problem. Bangladesh can do better than feed itself. It can export rice and make this a source of economic riches.

*Can people in Bangladesh achieve comfortable lives?*

Again, no problem. I will outline two specific ideas that combine eco-tourism with protection of vital watersheds and agricultural development.

Two important sub-themes of my general argument are the meaning of "social entrepreneurship" in a high growth context, and the role of expatriates. High growth rates need the full energy of the people to be devoted to making markets function. Since markets work on profits, my thesis requires a different form of social entrepreneurship than the usual model of zero profits--it is driven by profits, but not by profits *now*.

The standard theory of entrepreneurship assumes individuals know what is the most profitable activity and have the capacity to execute their wishes. This is a good

general premise, but, depending on country and context, it needs to be supplemented. Populations are not always aware of what is possible; neither can they necessarily achieve by themselves what they want. Bangladesh has always had low wage labor--so why did it take a Korean company to introduce the Readymade Garments Industry into Bangladesh in the 1980s--an industry that has since grown from nothing to an export volume of 12 billion dollars? I am proposing activities that are profitable but require solving coordination problems over time and space that are beyond the current capabilities of the people. Bangladeshis are very responsive to ideas from abroad--this makes expatriates very visible--and since expatriates typically have the wealth and the experience gained from life in the West, they are most suited to serving as the catalysts of the new growth of Bangladesh. Hence the need for social entrepreneurship by expatriates.

My most important premise is that markets not only have to be profitable, but that life in Bangladesh has to be enjoyable. The challenge is not just to show profitability, but also to show how Bangladesh becomes a more attractive place to live and work. This point is often missed, yet it is of *central* importance. If life in Bangladesh is not enjoyable, then the population will continue doing as it is now: parents plan for their children to “escape by green card.” This results in a weak bureaucracy, amorphous governance, and any profits earned silently seep abroad.

The specific ideas I suggest for social entrepreneurs in Bangladesh are:

1. Turn Bangladesh into a rice exporter
2. Develop eco-tourism opportunities that do not sacrifice agricultural land, and
3. Promote compact townships to provide infrastructure, housing and economic opportunities for the general population.

*Achieve food potential by turning Bangladesh into a rice exporter*

Bangladesh can meet its food needs and become a rice exporter (these ideas are from a joint proposal developed with Dr. Zahrul Karim). Currently, Bangladesh produces about 30 million tons of rice and is practically self-sufficient. To become an exporter, Bangladesh needs to produce about 5 million tons more in the next three years--an increase of 20%. This is readily achieved by a) eliminating the yield gap of 30% between demonstration farms and farmers is 30%; b) expanding High-yield varieties (HYV) of rice having local potential and encouraging new coastal varieties; c) adopting hybrid technology that will provide 20% more output than HYV. The most important inputs needed to make up the difference are agricultural extension, education, and building domestic capacity. *These are all domestic inputs*, and are readily available if expatriates would show the way by setting up suitably large farming schemes in cooperation with villagers on the ground.

*Economize on land by seeking profitable measures that compactify land use; beautify habitation; and utilize agglomeration economies.*

Bangladesh is losing 1-2% of agricultural land every year for horizontal growth in housing. Unemployment in rural Bangladesh, and faster urbanization is attracting more migrants from the rural areas, making urban areas less livable and less productive. Rural areas lack the infrastructure needed for modern economic growth. A system of “Compact Townships” (CT) is recommended as a way to consolidate population, facilitate economic development, preserve agricultural land, and stem migration to cities.

CTs are an agglomeration of houses, hospitals, schools, markets, rural industries and local governmental units with all basic services for about 20,000 people. CTs would have safe drinking water, flood protection, and communication technologies and networks for conducting business. Industries, such as the Readymade Garment sector, which now locate factories in urban areas, could move out to CTs along primary transportation routes.

Eco-tourism opportunities, such as nature preserves, resorts for well-to-do Bangladesh citizens and tourists, and developed archaeological sites, should be developed in collaboration with local rural residents in order to preserve watersheds and agricultural land, and provide economic benefits to indigenous communities. For those who know Bangladesh, I am making specific and not vague recommendations: eco-tourism can flourish in Shoron Khola by the Sunderbans--home of the Bengal tiger--while Kaliakor has an archeological site in the watershed of Dhaka, and within beautiful rural Bangladesh.

If these measures are taken, Bangladesh can grow and become a more attractive place to live and work for generations to come. The direct benefits of social entrepreneurship will be long-term profits and improved and pleasant lives for the people, but the indirect benefits are just as great. When expatriates are seen to invest their time and money in Bangladesh this will give the most potent visible signal that things are about to change radically. A social entrepreneurial vision that looks further than the present will indicate to the people that the new dawn will bring with it a comfortable life.